

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

<i>In re:</i>	:	Chapter 11
	:	
SPECTRUM ALLIANCE, LP,	:	
	:	
Debtor.	:	
	:	Bankruptcy No. 17-14250(JKF)

**MOTION OF THE DEBTOR FOR AUTHORITY TO CONTINUE TO PERFORM
UNDER A REAL ESTATE SERVICES AGREEMENT AND AMENDED AND
RESTATED LIMITED PARTNERSHIP AGREEMENT WITH
TREFOIL PROPERTIES, LP AND TREFOIL MANAGEMENT LLC**

Spectrum Alliance, LP (the “Debtor” or “Spectrum”), by and through proposed counsel, Ciardi, Ciardi & Astin, moves for the Authority to Perform under a Real Estate Services Agreement and Amended and Restated Limited Partnership Agreement with Trefoil Properties, LP and Trefoil Management, LLC and in support thereof, avers as follows:

1. On June 20, 2017, Spectrum Alliance, LP (the “Debtor”) filed a voluntary petition for relief under Chapter 11 of Title 11 of the United States Code, as amended (the “Bankruptcy Code”). The Debtor continues to operate its business as a debtor-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code

2. Formed in 2001, Spectrum is a private, open-ended investment fund comprising both stabilized and developmental real estate assets located in New Jersey, Pennsylvania, and Delaware. Spectrum focuses on two property types: Class A suburban office and suburban retail. Spectrum is a Pennsylvania limited partnership, with each of its properties separately owned by a limited liability company or limited partnership in accordance with institutional financing requirements. Ownership interests in Spectrum are structured as limited partnership interests, denominated in “Units”.

3. The Debtor has no employees of its own but is managed through its general partner, Spectrum Alliance Services, GP, LLC ("Spectrum GP") which is in turn managed by Trefoil Properties, LP ("Trefoil"), its Manager. The general partner of Trefoil is Trefoil Properties GP, LLC ("TPGP"). Robert T. Wrigley is the Manager of TPGP and James R. Wrigley is the sole member of TPGP. Trefoil is also a Class B limited partner of the Debtor. There are approximately 68 Class A limited partners of the Debtor.

4. Trefoil, through its general partner, TPGP, and Trefoil Management, LLC ("TMLLC"), a Pennsylvania limited liability company, are parties to a Real Estate Services Agreement dated March 6, 2007 ("RE Services Agreement"), pursuant to which TMLLC provides to Trefoil all of the services which Trefoil is required to provide to the Debtor. TMLLC also employs all of the employees providing services to Trefoil and, in turn, by Trefoil to the Debtor. TMLLC is reimbursed for its overhead, payroll and expenses pursuant to the terms of the RE Services Agreement. Trefoil is also entitled to certain fees under the terms of Schedule 2.9(b) to the Amended and Restated Limited Partnership Agreement of Spectrum Alliance, LP and First Amendment thereto dated January 1, 2006 and January 1, 2008, respectively ("Partnership Agreement" and together with the RE Services Agreement, the "Agreements"). The Agreements are attached hereto as Exhibits A and B respectively.

5. The Debtor owns all or a portion of various subsidiary entities that hold real estate. The income-producing entities in which the Debtor has an interest are set forth below:

(a) **Cedar Hill Shopping Center:** VSC-EE, LLC owns Units 2A, 2B, 3 and 4 and VSC-5, LLC owns Unit 5 in the Cedar Hill Shopping Center Condominium in Voorhees Township, Camden County, New Jersey. The property is a retail power center comprised of nearly

400,000 rentable square feet (approximately 360,000 constructed, with additional development pending). Shem Creek Cedar Hill, LLC has a first lien on Units 2A, 2B, 3 and 4. Mid-Atlantic Real Estate Investment Fund ("MAREIF") has a first lien on Unit 5.

(b) **Hillcrest Shopping Center:** HC Spectrum Partners, LP owns a 78.38% tenant-in-common interest in this approximately 133,797 square foot community shopping center located in the Borough of Lansdale, Montgomery County, Pennsylvania. Malvern Federal Savings Bank has a first lien on the property.

(c) **Towamencin Corporate Center:** CB Spectrum Partners, LP ("CB") owns this approximately 77,000 square foot, three-story office building and a 550 car parking garage located at 1690 Sumneytown Pike, Kulpsville, Montgomery County, Pennsylvania, also known as Unit 4 in the Kulpsville Business Campus, a Condominium. The Debtor owns a 51.1% limited partnership interest in CB and 1690 Partners, LLC owns a 48.9% limited partnership interest in CB. Wells Fargo Commercial Mortgage Servicing services the first lien CMBS loan on this property.

(d) **Mount Laurel Corporate Center:** ML Spectrum Partners DE, LLC owns a 33.39% tenant-in-common interest in an approximately 87,011 square foot office building located at the intersection of Route 73 and Howard Boulevard in Mount Laurel, Burlington County, New Jersey. Wells Fargo Commercial Mortgage Servicing services the first lien CMBS loan on this property.

(e) **Gwynedd Corporate Center:** GCC Building Associates, LP owns a 75.03% tenant-in-common interest in Buildings 1 and 2, and 100% of Building 3, in this three-building, approximately 122,803 square foot office complex located on PA Route 63 (Welsh Road)

in North Wales, Montgomery County, Pennsylvania. The property is formed as a condominium known as the Gwynedd Corporate Center, a Condominium. Shem Creek GCC, LLC has a first lien on each of the condominium units comprising the property.

6. The Debtor owns all or a portion of four (4) entities that own title to undeveloped land assets as follows:

a. **Lehighton.** Spectrum 209 Partners, LP owns approximately 9.3 acres of undeveloped land in Carbon County, Pennsylvania. Harleysville National Bank has a first mortgage on this property.

b. **Hawthorne Court.** Hawthorne Court Associates, LP owns two condominium units on this approximately 13 acre parcel of undeveloped land in North Wales, Montgomery County, Pennsylvania. Wohlsen Construction holds a first lien on the condominium units and appurtenances owned by the Debtor.

c. **Cedar Lake.** MVI Spectrum Partners, LLC owns approximately 10 acres of undeveloped land in Voorhees, Camden County, New Jersey. MAREIF holds a first mortgage on this land. Luciano DiVentura has a preferred equity interest in MVI Spectrum Partners, LLC.

d. **Pond Building.** PB Spectrum Partners, LP owns an approximately 2.23 acre tract (also known as Unit 6 of the Kulpsville Business Campus, a Condominium) in Kulpsville, Montgomery County, Pennsylvania. The International Union of Operating Engineers of Eastern Pennsylvania and Delaware Pension Fund holds a \$10,000,000 preferred equity position in PB Spectrum Partners, LP and has executed on a pledge of the Debtor's Limited Partnership interest in PB Spectrum Partners, LP.

7. Trefoil, through Tremark Management, Inc. (“Tremark”) and TMLLC, provides property management services and other services to the Debtor and to its subsidiaries. Tremark is wholly owned by Trefoil. Those services are set forth in the Partnership Agreement and the RE Services Agreement as well as various separate property management agreements at the project level.

8. The Debtor and the subsidiaries pay fees and reimburse Tremark for direct labor, materials, and supplies provided to a specific property or entity, including, but not limited to, maintenance-type services. The subsidiaries pay Tremark for property management services and Trefoil is also entitled to various asset management fees, capital event fees, and other fees as set forth in the Agreements (including, without limitation, as set forth in Schedule 2.9(a) of the Partnership Agreement).

9. The Debtor and both pre-petition committees have substantially negotiated a Plan of Reorganization which will contain further modifications of the Agreements.

10. The Debtor by this Motion seeks to disclose the Agreements and the method by which fees are accounted for by and among the parties to the respective Agreements, obtain approval to continue to operate under those Agreements, to continue to provide services to the Debtor and the subsidiaries during the course of the Debtor’s chapter 11 case and provide disclosure on a monthly basis of the fees and reimbursements at all levels and the services provided by and on behalf of Debtor and Trefoil.

11. The Debtor is not seeking assumption of any of the Agreements at this time. The Debtor only seeks approval of the Court to continue the current management arrangement and fee structures, subject to the oversight and review of both the Pre-Petition Ad-Hoc Committee of

Unsecured Creditors and the Pre-Petition Ad-Hoc Committee of Limited Partners, and any official successor committees.

12. As a result of discussions with both the Pre-Petition Ad Hoc Committee of Unsecured Creditors and the Pre-Petition Ad Hoc Committee of Limited Partners, Trefoil agreed that the monthly asset management fees, property management fees (including third party fees noted below) and legal reimbursements set forth in the respective Agreements were intended to equal actual payroll, overhead and operating expenses incurred by Trefoil, through TMLLC, and property management fees through Tremark. Trefoil (through TMLLC) receives approximately \$575,000 in fees and reimbursement attributable to property management and operation for annual services provided to non-Debtor entities which assist in the payment of such payroll, overhead and operating expenses. Separate from the asset management and property management fees, and the legal reimbursements, Trefoil is also entitled to earn capital events fees and development fees on a negotiated basis. However, both the Pre-Petition Ad Hoc Committee of Unsecured Creditors and the Pre-Petition Ad Hoc Committee of Limited Partners reserve their rights as to their continued investigation of the relationships and fees identified in the Motion.

13. The Debtor avers that the continued management of the Debtor by Trefoil and reimbursement of fees and expenses to Trefoil (through TMLLC) and property management fees to Tremark will allow the Debtor to implement its restructuring agreement which it negotiated with the pre-petition committees and emerge from bankruptcy in an expedited fashion, and provides stability to the properties, tenants and first mortgage holders of the subsidiaries which are the Debtor's primary assets and sole source of income.

WHEREFORE, the Debtor respectfully requests the authority to continue to perform under the Real Estate Services Agreement and Amended and Restated Limited Partnership Agreement and for such other and further relief as is just.

Respectfully submitted,

Dated: June 27, 2017

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